

Message Text

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ACTION COME-00

INFO OCT-01 SS-14 ISO-00 EUR-08 EB-03 NSC-05 NSCE-00 INR-05

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P 231126Z MAY 75

FM AMEMBASSY BUDAPEST

TO SEKSTATE WASHDC PRIORITY 3307

CONFIDENTIAL BUDAPEST 1543

LIMDIS

FROM AMBASSADOR MCAULIFFE

DEPT PLEASE PASS COMMERCE FOR UNDERSECRETARY TABOR

E.O. 11652: GDS

TAGS: BEXP, HU

SUBJ: OPENING OF BUDAPEST FAIR

1. WHEN YOU RECEIVED ME IN WASHINGTON LAST MARCH, I ASSURED YOU THAT THE STAFF OF EMBASSY BUDAPEST AND I MYSELF WOULD PROVIDE LOYAL AND TOTAL SUPPORT TO USG EFFORTS TO SPUR AMERICAN EXPORT SALES. WE ARE DOING JUST THAT; AND WE HAVE RECEIVED ABLE AND SKILLED ASSISTANCE FROM MESSRS. FLANAGAN, BELL, SIND, AND MS. PROVOT WHO HAVE GIVEN OF THEMSELVES UNSTINTINGLY TO PREPARE U.S. EXHIBITS AT BUDAPEST INTERNATIONAL SPRING FAIR.

2. FOREIGN TRADE MINISTER JOZSEF BIRO OFFICIALLY OPENED BUDAPEST INTERNATIONAL SPRING FAIR AT 1000 MAY 21. ALSO IN ATTENDANCE WERE NEW PRIME MINISTER LAZAR, DEPUTY PM HUSZAR, PLOITBUCO MEMBERS KAROLY NEMETH AND BELA BISZKU, AND MOST MEMBERS OF HUNGARIAN CABINET; ODON KALLOS, PRESIDENT OF HUNGARIAN CHAMBER OF COMMERCE, ANDOR LASZLO, PRESIDENT OF HUNGARIAN NATIONAL BANK; JANOS FEKETE, VICE PRESIDENT

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OF HUNGARIAN NATIONAL BANK; AND AT LEAST FORTY OTHER SENIOR OFFICIALS WHO DEAL WITH FOREIGN TRADE AND FINANCE. IN

ADDITION, EVERY FOREIGN AMBASSADOR RESIDENT IN BUDAPEST AND MOST COMMERCIAL ATTACHES WERE ON HAND FOR THE GALA OPENING -- PLUS TV, RADIO AND STILL PHOTOGRAPHERS.

3. HUNGARIANS HAVE ENTHUSIASTICALLY RESPONDED TO FACT THAT USDOC OFFICIALLY PARTICIPATING IN 1975 FAIR (AFTER LAST YEAR'S ABSENCE). THEY HAVE ALLOTTED TO US A CHOICE LOCATION IM MIDDLE OF EXHIBITION'S LARGEST PAVILION, THUS ASSURING MAXIMUM EXPOSURE OF AMERICAN PRODUCTS. MR. FLANAGAN AND HIS DEPARTMENT OF COMMERCE TEAM SUCCEEDED IN ATTRACTING SOME OF BEST AMERICAN COMPANIES IN BUSINESS EQUIPMENT FIELD, INCLUDING BELL & HOWELL, EASTMAN KODAK, AND ADDRESSOGRAPH. THE EXHIBIT THEY CREATED CAN GIVE PARTICIPATING AMERICAN FIRMS EXCELLENT INTRODUCTION INTO PROMISING HUNGARIAN MARKET FOR ADVANCED BUSINESS EQUIPMENT WHERE OUR CURRENT SHARE IS TINEY AND INCONSEQUENTIAL.

4. WHEN I VISITED THE U.S. PAVILION ON MAY 21 I RECEIVED QUITE A SHOCK. TWO OF THE NINE AMERICAN FIRMS ARE "NO-SHOWS": COMPUTER LINK AND APPLIED DIGITAL DATA SYSTEMS. THE SIGNS ARE THERE; THE SPACE IS THERE; BUT NEITHER COMPANY REPRESENTATIVE IS THERE; AND IN THE CASE OF COMPUTER LINK, NOBODY AND NOTHING IS THERE; THEBOOTH IS EMPTY. TO MAKE MATTERS WORSE-- AS LUCK WOULD HAVE IT--COMPUTER LINK AND APPLIED DIGITAL DATA SYSTEMS HAVE ADJOINING BOOTHS. THEIR ABSENCE CATCHES THE EYE AND DISTRACTS ATTENTION FROM THE AMERICAN EXHIBITORS WHO ARE SERIOUSLY ENDEAVORING TO SELL THEIR MERCHANDISE. MY TOUR OF THE FAIR GROUNDS REVEALED NOT A SINGLE BOOTH IN ANY OTHER PAVILION UNMANNED OR UNOCCUPIED. IT IS AS IF UNCLE SAM LACKS HIS TWO FRONT TEETH.

5. NO ONE HERE KNOWS WHY APPLIED DIGITAL DATA SYSTEMS AND COMPUTER LINK DROPPED OUT. YOUR DEPARTMENT OF COMMERCE TEAM HAS, I BELIEVE, DONE ITS UTMOST. OTHER AMERICAN EXHIBITORS WITHOUT PROMPTING EXPRESSED THANKS FOR THE SUPPORT AND ASSISTANCE THEY HAVE RECEIVED FROM YOUR PEOPLE AND FROM THE EMBASSY STAFF. IT WOULD BE NICE TO KNOW WHY THE TWO FIRMS DECIDED TO DROP OUT AFTER HAVING INITIALLY DECIDED TO COME.

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6. IN ANY EVENT THE CONSPICUOUS ABSENCE OF REPRESENTATIVES FROM APPLIED DIGITAL DATA SYSTEMS AND COMPUTER LINK WILL ALMOST ASSUREDLY HAVE CERTAIN SIDE EFFECTS: 1) NEITHER FIRM ENHANCED ITS IMAGE IN THIS COUNTRY AND NEITHER HAS FACILITATED ITS ACCESS TO THE HUNGARIAN MARKET; 2) THEIR LAST-MINUTE DECISION TO NOT COME TO BUDAPEST HAS NOT BROUGHT DELIGHT TO THOSE AMERICAN FIRMS WHICH ARE ON THE SCENE ACTIVELY TRYING TO BOOST THEIR SALES; 3) THERE ARE SOME HUNGARIANS WHO QUESTION WHETHER USG SERIOUSLY INTERESTED IN EXPANDING

EXPANDING TRADE AND NORMALIZING RELATIONS; AND THIS INCIDENT WILL NOT DISSIPATE THEIR DOUBTS. FINALLY, THERE IS IRONY IN THE WHOLE AFFAIR, FOR USDOC DIRECTOR OF BUSINESS RELATIONS AND EMBASSY COMMERCIAL ATTACHE DURING THEIR NUMEROUS ADVANCE PUBLICITY CALLS HAD DISCERNED CONSIDERABLE INTEREST AMONG HUNGARIANS IN NEW TO MARKET PRODUCTS MANUFACTURED BY BOTH COMPUTER LINK AND APPLIED DIGITAL DATA SYSTEMS.

7. DESPITE THIS INCIDENT WHICH MARS A FLAWLESS PERFORMANCE BY USDOC TEAM AND EXCELLENT COOPERATION WITH OTHER AMERICAN COMPANIES, EXHIBIT MOST ATTRACTIVE AND ALL IS FUNCTIONING WELL. BASED ON PRE-EXHIBITION CALLS, PROSPECTS FOR SALES-- PARTICULARLY FROM U.S. OVERSEAS SUBSIDIARIES -- IS PROMISING.

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